

Small Employer Health Options (SHOP) Exchange Advisory Committee Meeting

**Connecticut Health Insurance Exchange
June 12, 2012 at 9:00 – 11:00 am**

Agenda

- **Call to Order and Introductions (9:00-9:10)**
- **Approval of Minutes (9:10-9:15)**
- **Overview of SHOP (9:15-10:20)**
- **Next Steps (10:20-10:40)**
- **Public Comment (10:40-11:00)**
- **Adjournment (11:00)**

General Overview of SHOP

1. Employer Eligibility
2. Key Functions of the SHOP Exchange
3. Participation and Contribution Requirements
4. Purchasing Models
5. Connecticut's small group market
6. Key Issues for Connecticut

SHOP | Employer Eligibility

- In 2014, Small Business Health Options Program ("SHOP") Exchange will offer health insurance to small employers
 - Businesses with 50 or fewer full-time employees allowed to purchase coverage through SHOP Exchange in 2014 and 2015, although state may expand SG definition to groups of 100;
 - Small group marketed expanded to groups of 100 or fewer full-time employees in 2016 and beyond; and
 - State may choose to expand Exchange to larger groups in 2017
- Employers with low-wage workers may be eligible for tax credits through the Exchange
 - Firms with up to 25 employees; and
 - Average wages of \$50,000 or less.
- For-profit employers may be eligible for tax credit worth up to 50% of employer's share of premiums
- Non-profits may receive tax credit up to 35%

SHOP | Key Functions

- Qualified health plans' (QHP) benefits summary
- QHP comparison tool
- Development of monthly premiums based on employee census
- Employer contributions and application to QHPs
- Open enrollment
- Employees' selection of QHPs
- Transfer of enrollment information to QHP issuers
- Monthly premium billing, collection and remittance
- Mid-year changes
 - New employee
 - Change in status
 - Termination of coverage
- Renewals

SHOP | Individual and SHOP Exchange

- State may choose to establish two Exchanges:
 - Individual market Exchange – American Health Benefit Exchange
 - Employer Exchange – SHOP Exchange
- Or one Exchange that serves both the Individual and Employer markets
 - For administrative purposes, a single Exchange with separate risk pools can be used to serve both markets
 - Combining the Individual and SHOP Exchange does not require the State to merge these two markets

SHOP | Participation and Contribution Requirements

- Under current underwriting rules, insurers require employers to meet certain participation and contribution requirements
- Participation:
 - Small group employers generally required to enroll 75% of eligible employees in employer-sponsored insurance (with exceptions for spousal coverage)
- Contribution:
 - Employers must contribute at least 50% of premium for single coverage

SHOP | Purchasing Models of the Exchange

- Federal law provides flexibility in how the SHOP Exchange can offer coverage to employers and their employees
- Four potential purchasing models:
 - One Carrier, One Plan
 - One Carrier, Multiple Plans
 - All Carriers, One Plan Level
 - All Carriers, All Plan Levels
- Each model can support range of contribution strategies

SHOP | Option 1 – One Carrier, One Plan

Monthly Premiums for Single Coverage

<u>Plan/ Carrier</u>	<u>Carrier A</u>	<u>Carrier B</u>	<u>Carrier C</u>	<u>Carrier D</u>
Platinum	\$540	\$531	\$518	\$554
Gold	\$480	\$472	\$460	\$492
Silver	\$420	\$413	\$403	\$431
Bronze	\$360	\$354	\$345	\$369

70% Employer contribution = \$289 and 30% Employee contribution = \$124

SHOP | Option 2 – One Carrier, Multiple Plans

Monthly Premiums for Single Coverage				
<u>Plan/ Carrier</u>	<u>Carrier A</u>	<u>Carrier B</u>	<u>Carrier C</u>	<u>Carrier D</u>
Platinum	\$540	\$531	\$518	\$554
Gold	\$480	\$472	\$460	\$492
Silver	\$420	\$413	\$403	\$431
Bronze	\$360	\$354	\$345	\$369

SHOP | Option 2 – One Carrier, Multiple Plans

Example of Contribution Split Between Employer and Employee

<u>Carrier B</u>	<u>Total Premium</u>	<u>ER Share</u>	<u>EE Share</u>
Platinum	\$531	\$289	\$242
Gold	\$472	\$289	\$183
Silver	\$413	\$289	\$124
Bronze	\$354	\$289	\$65

SHOP | Option 3 – Multiple Carriers, One Plan Level

Monthly Premiums for Single Coverage

<u>Plan/ Carrier</u>	<u>Carrier A</u>	<u>Carrier B</u>	<u>Carrier C</u>	<u>Carrier D</u>
Platinum	\$540	\$531	\$518	\$554
Gold	\$480	\$472	\$460	\$492
Silver	\$420	\$413	\$403	\$431
Bronze	\$360	\$354	\$345	\$369

SHOP | Option 3 – Multiple Carriers, One Plan Level

Example of Contribution Split Between Employer and Employee

<u>Silver Level</u>	<u>Total Premium</u>	<u>ER Share</u>	<u>EE Share</u>
Carrier A	\$420	\$289	\$131
Carrier B	\$413	\$289	\$124
Carrier C	\$403	\$289	\$114
Carrier D	\$431	\$289	\$142

SHOP | Option 4 – All Carriers, All Plan Levels

Monthly Premiums for Single Coverage

<u>Plan/ Carrier</u>	<u>Carrier A</u>	<u>Carrier B</u>	<u>Carrier C</u>	<u>Carrier D</u>
Platinum	\$540	\$531	\$518	\$554
Gold	\$480	\$472	\$460	\$492
Silver	\$420	\$413	\$403	\$431
Bronze	\$360	\$354	\$345	\$369

SHOP | Option 4 – All Carriers, All Plan Levels

Example of Employee Share of Monthly Premiums

<u>Plan/ Carrier</u>	<u>Carrier A</u>	<u>Carrier B</u>	<u>Carrier C</u>	<u>Carrier D</u>
Platinum	\$251	\$242	\$229	\$265
Gold	\$191	\$183	\$171	\$203
Silver	\$131	\$124	\$114	\$142
Bronze	\$71	\$65	\$56	\$80

** Employer share of premiums fixed at \$289, or 70% of Carrier B's Silver Level plan's premiums.

SHOP | Connecticut's Small Group Market

- Approximately 300,000 people covered
- Four main insurers cover the majority of the market:
 - Aetna
 - Anthem Blue Cross
 - ConnectiCare
 - Oxford
- Private “Exchange – CBIA’s Health Connections – in operation since mid-1990s
 - Employee choice model offering coverage to small (3 – 50 EEs) and mid-sized employers (51 – 100 EEs)
 - Two insurers – ConnectiCare and Oxford – participate
 - Over 70,000 enrollees

SHOP | Key Issues for Connecticut

- What's the value proposition that the SHOP Exchange can provide to employers and employees?
- In a market with a privately run small group Exchange (CBIA's Health Connections), how can the SHOP Exchange attract sufficient volume to be self sustaining?
 - Massachusetts' small group Exchange – 4,500 enrollees
 - Utah's small group Exchange – 6,200 enrollees
- Can Connecticut's SHOP Exchange work with CBIA's Health Connections and leverage the existing operations and administration?

SHOP | Key Issues for Connecticut

- What type of purchasing models should the SHOP Exchange support?
- Should the SHOP Exchange require employers meet minimum participation and contribution, on par with the rest of the small group market?
- How can the SHOP Exchange encourage carriers to participate?

Committee | Next Meetings

- Wednesday, July 11 @ 1-3 pm
- Wednesday, August 8 @ 1-3 pm

Committee | Public Comment